

MEMORANDUM

To: Vermont Electric Distribution Utilities
EEU Service List

From: Susan M. Hudson, Clerk of the Board

Re: 2008 Energy Efficiency Charge rates

Date: November 1, 2007

The Public Service Board ("Board") has determined the 2008 Energy Efficiency Charge ("EEC") rates for customers of all electric utilities. These rates are based upon the calculations provided by the Vermont Department of Public Service and pursuant to Board Rule 5.300, and include the collection of \$129,500 from customers of all utilities except the City of Burlington Electric Department ("BED") to pay for services to be provided by Efficiency Vermont under the Memorandum of Understanding in Docket 7081.

The 2008 EEC rates are higher than the 2007 EEC rates for all customers. The increase in the rates is largely explained by two factors. First, as previously determined by the Board, there is a 28 percent increase in the Energy Efficiency Utility's budget from 2007 to 2008. Second, under Board Rule 5.300 overcollections in prior years are subtracted from the amount that needs to be collected from ratepayers in the coming year via the EEC. In 2007 the amount to be collected was reduced by a significant overcollection in 2005 and 2006. This is not the case for 2008. As a result of these two factors combined, the actual amount to be collected via the EEC is 35 percent higher in 2008 than in 2007.

In addition, the rates increase by different percentages for different customer classes or rate components (kW vs. kWh) for a single class because Board Rule 5.300 provides that the rate for each class and rate component will be calculated separately, using the billing determinants from the most recent complete calendar year. As a result, changes in customer usage from one year to the next have different effects on the EEC rates for each customer class.

The 2008 EEC rates shall be as follows for customers of all utilities except BED:

Rates for Customers Without Demand Charges

Residential \$0.00668/kWh
Commercial \$0.00577/kWh
Industrial \$0.00371/kWh

Rates for Customers with Demand Charges

Commercial demand customers \$0.00364/kWh plus
\$0.6616/kW

Industrial demand customers \$0.00284/kWh plus
\$0.4328/kW

Rates for Unmetered Street and Security Light Customers

\$0.00577/kWh times the nominal wattage of the light times 360 hours per month

The 2008 Energy Efficiency Charge rates for BED customers shall be as follows:

Rates for Customers Without Demand Charges

Residential \$0.00416/kWh
Commercial \$0.00413/kWh
Industrial \$0.00351/kWh

Rates for Customers with Demand Charges

Commercial demand customers \$0.00271/kWh plus
\$0.5476/kW

Industrial demand customers \$0.00237/kWh plus
\$0.7142/kW

Rates for Unmetered Street and Security Light Customers

\$0.00413/kWh times the nominal wattage of the light times 354 hours per month